

THORN RUN PARTNERS



December 1, 2025

Leslie Caviglia, City Manager
City of Visalia
220 N. Santa Fe Street
Visalia, CA 93292

Dear Leslie and members of the City Council:

When we shared our last annual federal advocacy update with the City towards the end of 2024, former President Biden was completing his term in office, President Trump had won the election, and we were hopeful Congress would finish its work on pending government funding legislation as they typically do before the end of the year.

As you know, things since then have been hectic. Congress never completed work to fund the government for Fiscal Year (FY) 2025, instead relying on a full-year Continuing Resolution (CR) to continue operations at FY 2024 levels for another year. President Trump has begun his second term in office even more focused on achieving his goals, as evidenced by his rapid rate of Executive Orders (EO), with more than 210 signed as of early November. Those EO's have been met with equal vigor by his opponents, leading to more than 150 lawsuits filed on orders as diverse as immigration, tariffs, and federal agency restructuring, among others. That has led to at least 31 EO's that have been permanently blocked, 86 temporarily blocked, and 21 blocked pending appeal.

Meanwhile, we just endured the longest government shutdown in history, one lasting 43 days, with the House of Representatives out of session for 53 days. However, we remain optimistic that the next several months could lead to a flurry of meaningful legislation, although there are other issues on the horizon about which we remain concerned.

Federal Funding

Given that Congress was unable to complete its work on the FY 2025 funding process and instead reverted to an FY 2024 CR, all community projects were dropped from consideration last March, including two we had put forward in 2024 on behalf of the City. This spring, we resurrected those two projects and aggressively pursued four others as well. While four of the six projects were requested by members of your Congressional delegation, two have been funded thus far, including:

- \$2 million for the Groundwater Recharge Basin project in the House version of the Interior and Environment Appropriations bill through the Environmental Protection Agency at the request of Representative Fong.
- \$250,000 for the Rikken Ave. project in the House version of the Transportation Housing and Urban Development Appropriations bill at the request of Representative Costa.

When Congress ended the recent government shutdown, they passed a CR to fund the government through January 30. However, they also passed three (of twelve) full-year appropriations bills for a few federal agencies, two of which included community project requests. While the City's projects are in two of the remaining nine bills, we feel optimistic Congress could complete work on bills that would codify the City's projects in the next two-plus months.

We will also soon begin to work with City staff to develop future project ideas for the FY 2027 funding process.

Other Advocacy Efforts

In terms of other areas of engagement, we have engaged in several big-picture activities that are meaningful for Visalia:

- **Transportation Authorization and Federal Support for Public Transit:** As we reach the end of the Bipartisan Infrastructure Law (BIL), which included a surface transportation authorization plus additional funding for a variety of infrastructure projects, we have consistently raised concern that the next iteration of the surface transportation law will look much different than the BIL. First, there will be far less money, much of that will be directed to states for traditional highway formula programs, and transit funding could come under attack. Unfortunately, we have just learned that the Administration will propose to Congress that that the next transportation bill not direct any Highway Trust Fund revenue to transit, nor allow transfers from each states' highway fund to support transit (some states do this more than others). These proposals, if enacted by Congress, would be a significant blow to transit nationwide. While we do not think they will become law, they represent what we have foreshadowed and heighten our concern that transit funding will be a major flashpoint in the next surface transportation reauthorization debate.
- **Federal Housing Legislation:** The Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025 is a bipartisan federal housing proposal aimed at increasing housing supply, improving affordability, and modernizing federal housing programs. The bill was included in the Senate-passed National Defense Authorization Act (NDAA) in October, meaning there is a chance it could become law prior to the end of the year. The ROAD to Housing Act would be one of the most consequential federal housing reform efforts in years. It combines measures to reduce regulatory barriers, incentivize housing development near transit, streamline permitting, and expand financing for affordable and workforce housing. The bill would also increase local governments' access to federal resources through new grant and incentive programs tied to housing outcomes.

- **Federal Homelessness Funding:** The Department of Housing and Urban Development's (HUD's) Continuum of Care (CoC) program is the primary federal funding stream to address homelessness. Last week, HUD released the FY 2025 CoC notice of funding availability (NOFO), which included dramatically altered program criteria that could significantly impact how local governments use funding for homelessness related services. Currently, approximately 87 percent of prior-year CoC funds are allocated to permanent housing, including permanent supportive housing (PSH) and rapid rehousing. The new NOFO limits how much CoC funding communities can spend on PSH to 30 percent, which could force a reallocation of funds from PSH programs to other programs, like transitional housing, emergency shelter, or new Supportive Services Only projects. The Kings/Tulare Homeless Alliance is the CoC in the region and last year received more than \$3.5 million from the CoC program, providing for PSH in Visalia as well as elsewhere in the region.
- **Low-Income Housing Tax Credit:** The One Big Beautiful Bill Act (OBBBA, reconciliation bill that primarily expanded and extended the 2017 Trump tax cuts) included a permanent expansion of the Low-Income Housing Tax Credit, which is critical for the development of nearly all affordable housing across the country.
- **Tax-Exempt Municipal Bond Authority:** Equally as important, the OBBBA did not eliminate or reduce the ability of local governments to benefit from letting tax-exempt municipal bonds, although there was a real risk that it may do so to pay for other portions of the bill.
- **National Flood Insurance Program:** With thousands of properties in the City in mandatory purchase zones for the NFIP, debates surrounding the future of the program remain critical. While the NFIP was negatively impacted by the government shutdown, it can write and renew policies again now. Congress still has been unable to agree on a long-term reauthorization for the program, instead relying on its 34th short-term extension since 2017. Policy affordability remains a key goal, ensuring that premiums are not increasing faster than incomes, even while Risk Rating 2.0 continues to be implemented.
- **FEMA Reform:** Apart from the latest rumors that FEMA Headquarters may move to Texas, the Administration has quietly ushered in a variety of reforms that impact the federal government's response to disasters. Specifically, in April, the Administration proposed increasing the disaster declaration per capita threshold from \$1.89 to \$7.56 per person, which will have the effect of limiting the number of disasters that receive federal support. In California, the new minimum damage threshold would now be ~\$ 298.6 million to qualify for federal engagement, a significant increase. This change would have meant that 71 percent of disasters nationwide from 2008 - 2024 would not have qualified for federal support, shifting \$41 billion in federal disaster assistance to state and local governments during that time. FEMA also proposes to not support federal cost shares exceeding 75 percent, costing state and local governments significantly more after disasters as the typical prior cost share was 90 percent. FEMA also proposes to not cover reimbursement for Category G, or recreational facilities, which will leave local governments with significantly more responsibility to rebuild

such community assets. Finally, the Administration will stop approving new allocations of Hazard Mitigation Grant Program funding, which historically had been allocated at rates equaling 15 percent of the amount FEMA intended to spend on a disaster, eliminating key funding for projects to improve resilience after a disaster. Meanwhile, Congress has proposed its own set of bi-partisan reforms, but these remain silent on all FEMA has already implemented and the fate of the legislation is unclear, as is Administration support for such a bill. Finally, the FEMA Reform Council, appointed by the President when he took office, is expecting to release their report on additional changes to FEMA that could be released very soon.

- **Waters of the United States:** This month, the EPA released a proposed rule entitled "Updated Definition of "Waters of the United States" continuing the trend of administration-driven interpretations of federal water protections. The rule significantly narrows the definition of WOTUS, limiting the scope of the Clean Water Act (CWA) and removing many wetlands and isolated streams from federal jurisdiction. The revisions shift the CWA toward protecting permanent, standing, or continuously flowing bodies of water. A regulatory impact analysis estimates that only around 19 percent of wetlands in the U.S. will remain federally protected by the new WOTUS. A future administration may revise the definition again, although any changes would still need to comply with the constraints imposed by the Supreme Court's ruling on *Sackett v. EPA*.
- **ADA Website Accessibility:** We reminded the City of a Department of Justice rule mandating compliance with new ADA website accessibility standards, compliance with which is due in late April 2026, although the Administration has indicated that they may modify or delay the rule.

Other Initiatives

In other areas of engagement, we have supported the investigation of the City's potential participation in the Essential Air Service program, monitored federal funding for hydrogen projects, assisted with the development of two transportation grants, and worked with your Congressional delegation and the FAA to attempt to finalize the City's Airport Layout Plan, which is critical for future airport development, among other things.

Contract Extension

To continue our work on behalf of the City, we propose a contract from January 1, 2026, through December 31, 2026 for a monthly fee of \$7,000 plus expenses, which we offer to cap at \$3,000 for the year. This is the same fee for which we have worked during the past year.

Thank you again for the opportunity to represent the City of Visalia in Washington, D.C. I look forward to continuing our work together.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'G' followed by a 'D' and a 'B'.

Gregory D. Burns